

Water Transfer Working Group  
July 31<sup>st</sup>, 2006

Bob Barwin, Tom Cowan, Jim Davis, Paul Dempsey, Stephen Fanciullo, Bill Ferry, Chuck Garner, Adam Gravley, Ken Hasbrouck, Carron Helberg, Stan Isley, Dave Kaumheimer, Paul LaRiviere, Chris Lynch, Larry Martin, Joe Mentor, Jim Milton, Tom Ring, Jeff Schuster, Tom Tebb, Lee White, Ron Van Gundy

Chuck Garner called the meeting to order at 10:20 AM. Adam Gravley and Jeff Schuster were on the telephone.

As there were no new or previous proposals to discuss, the group began discussing the only agenda item - the draft MOU. Bill Ferry opened with a general summary of how we got here, while waiting for a couple of people to arrive. BF discussed the concept of ownership of the water right by Reclamation, and that it is an open issue.

RVG started by saying he had questions on the MOU concerning the 1,000 AF limit, that he did not see it in the MOU. BF said we see a limit for the first contract. Bill McDonald, Reclamation's Regional Director, has the authority to 1000 AF and the first run will test the program in order to work out the steps. RVG remarked, bunch up a group, process them and then bunch up another group. RVG's also asked how the water is actually stored. Tom Ring had the same question he would like to see the "what if's", for example at the end of the irrigation season.

Joe Mentor stated users under the Federal contract are dominate users, how many connections will be allowed and the water supply for how many homes. Bob Barwin said there is variability of what water is stored. Reality of what it is to be reliable. In a full water year with no prorationing, no one is off. Once prorationing of the post 1905ers comes into play, then it affects reliability. TR added the water right would be mitigated due to prorationing. BB continued that if in a given year, there is early runoff and the reservoir fills by March 15, which is unusual, whose water is it. BB said TR is working the front side of the graph rather than the backside. BB, Tom Tebb, and JM continued by discussing the retired rights, and BB said that April to May 1 is the time that is most exposed. Joe Mentor said the new water right permit provides conveyance and a firm water supply – the contract is the effects during the proration period. Stan Isley said in any year. RVG asked if it was all five reservoirs or just one reservoir for an individual contract. BB said it could be either. Stephen Fanciullo said we have to look at it in blocks of water. RVG added that Bumping Reservoir would not be used, right? SF said right. RVG commented that the counties continue to allow further land development and that we should get ahead of this. BB said it would be nice, but does not see how. However, the permit process would make it easier to include. RVG restated that the landowner would have their water right in hand before developing and that it may take legal action to force the counties to do this. BF feels it will provide some control. RVG this addresses surface diversions, but the domestic wells could really grow, what about the individuals. JM said the permit process for NEPA and the 1,000 AF limit seems a limiting factor. RVG added that it is important to have a working successful program

prior to going to Congress. Joe Mentor talked about the economics for individual development and the per-unit cost. Tom Tebb added it is an economy of scale. Jeff Schuster joined the conversation by asking that the permitting process – retiring the right. Anyone who wants one, must go through Ecology, is that still the same, BB, yes. TR all the post 1905ers, the MOU should state that they already have their junior right. BB said this is not exclusive to make transfers. This MOU is for another way to do this. It is WBN policy that we must work a new permit, but local issues, etc., need to be addressed outside the transfer group. It is a streamline review by creating a new permit. SF asked if it would be creating a water utility. RVG & BB responded with it is more like a water banking, no authority to be a utility. SF asked if each person is to be identified and pay for through Ecology, BB said yes. RVG asked domestic only, BB said yes, at this point. LM asked at what point would an operational concern be reached. BB said at possibly 2,500 AF of CU, we will then look at its effects and how is it working. SF explained the accounting process for tracking the water.

Adam Gravley via the phone wanted to add a couple of comments. Thanks to Reclamation and Ecology for trying to resolve these issues and on Reclamation ownership – it would improve with flexibility, find a way to take assignment or lease it so it is less limiting. BB responded by saying the statutes for water banking do not allow temporary situations. BF commented about the legal authority, ownership and a block of water to store, deliver and administrate (more burden). RVG asked a question about how does the ground water study help this issue. BB said it would provide information for the impacts on the change in season of use, quality and timing. RVG asked any major effects. TR said the sentence is ambiguous. BB added we need to work on how to revise how it was said. To satisfy non-consumptive use with respect to TWSA and fish benefits following the YRBWEP framework. BB continued by discussing priority streams, 100% water availability, and the water supply at Parker would get 1/3 of the water. LM asked if we could get a list of the priority streams. BB said yes and added that YRBWEP conservation is 2/3 to the river. JM feels an exchange is a value for value, and we need to show this value. BF said it is a cost and a benefit. We have to come up with why Reclamation is going through this process. The cost burden is like any other water user. Tom Cowan added ag to domestic is more elastic. JM discussed the history of the past process and the current cost to keep down to keep balance and make sure the 1/3 does not break the bank. SF said the domestic user is primary and the cost to the individual is very favorable to the user. JM added not O & M, but feels the 1/3 cost is in addition to the O & M. SF feels it is still cheap water. BB added the 1/3 cost can come from somewhere. TR said this document is confusing the process – post 1905ers, no new permit. MOU discusses only new permit process, example, City of Roslyn. In order to mitigate, do they need to do the environmental compliance? BB the 1905ers, it is easy for the ones above the storage reservoirs. Also with the MOU, TWSA neutrality, reach specific concerns, and referred to the “Dar Problem”. BB explained the housing of natural flow rights in Federal facilities and the need for compensation. In other words, it needs to be stated in the preamble of the agreement. The added burden to Reclamation needs to be compensated, this is not impairment, it is shoplifting from Reclamation. Not all impacts equal impairment. We need to try and bring this out. We need to talk about this further and get deeper into the 1/3 – 2/3 question.

The group agreed to meet for a regular water transfer meeting on August 21<sup>st</sup> at 1:00 PM at Charlie Roe's request. However, with several people unavailable at this meeting, would table the MOU discussion for September 18<sup>th</sup> at 1:00 PM when everyone can attend.

RVG added that this is a major step forward past the adjudication and thanked the group for moving forward with this important process.

The group adjourned at 11:50 AM